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LISTING STATEMENT NO. 2365.

LISTED MAY 14, 1969.

913,000 Common Shares without par value,  
of which 66,200 Shares are subject  
to issuance.  
Stock Symbol "HSJ".  
Post Section 1.3.  
Dial Quotation No. 1825.

THE TORONTO STOCK EXCHANGE

LISTING STATEMENT

J. HARRIS & SONS, LIMITED

Incorporated under the laws of the Province of Ontario  
by Letters Patent dated May 20, 1953

CAPITALIZATION AS AT FEBRUARY 24, 1969  
(Amended to include private placement referred to below)

SHARE CAPITAL	AUTHORIZED	ISSUED AND OUTSTANDING	TO BE LISTED
Common shares without par value	2,000,000	846,800	913,000*
* of which 66,200 are subject to issuance.			

NOTE: As of April 1, 1969, 43,000 common shares were sold as follows:  
18,000 shares at \$6.25 net and 25,000 shares at \$6.50 net to two purchasers under a private placement financing.

FUNDED DEBT AS AT FEBRUARY 24, 1969

DESCRIPTION	AMOUNT AUTHORIZED	AMOUNT OUTSTANDING AS AT FEB. 24/69	MATURITY DATE
8% mortgage on real estate in Hamilton, collaterally secured by a chattel mortgage on machinery and equipment in Company's Hamilton plant, in favour of United Dominions Investment Limited	\$330,000	\$244,806.82	September 1, 1975

February 24, 1969.

1. APPLICATION

J. HARRIS & SONS, LIMITED (hereinafter called the "Company") hereby makes application for the listing on The Toronto Stock Exchange of 913,000 common shares without par value in the capital stock of the Company, of which 846,800 have been issued and are outstanding as fully paid and non-assessable. The remaining 66,200 common shares included in this application have been reserved as follows:—

Employees' stock option at \$2.37½ per share, expiring June 10, 1972	46,200
Employees' stock option at \$3.25 per share, expiring September 16, 1973	8,800
Employees' stock option at \$3.25 per share, expiring November 1, 1973	10,000
Reserved but not granted	1,200
	66,200

2. & 3. HISTORY & NATURE OF BUSINESS

The Company's principal business is the fabrication of concrete reinforcing steel used extensively in the construction industry. In February of 1967 the Company broadened the scope of its operations through the acquisition of Con-Steel Setting Company, a company engaged in the business of erecting reinforcing steel. With this acquisition the Company now offers to the industry a complete service in concrete reinforcing steel including the quoting of firm price estimates providing steel layouts prepared by detail draftsmen, the straightening, cutting and bending of steel to specification and the erecting of reinforcing steel. Con-Steel Setting Company is now a division of the Company.



J. Harris & Sons, Limited supplied the reinforcing steel for such projects as the Gardiner Expressway, the Huron College Apartments in London, Scarborough College, the Bloor Street Subway, Bruce Lake Iron Pelletizing Plant, Manitoba Pool Grain Elevator, the Winnipeg Reservoir, the Scotia Square Redevelopment in Halifax and Montreal's National Harbour Board Elevator.

In 1966, after considerable market and technical research the Company commenced the manufacture of concrete joist forming pans for rent to contractors. This method of floor construction is more adaptable to larger projects such as hospitals, apartment buildings, universities and parking decks. In the past year this product has met with a marked degree of acceptance by contractors in Ontario because of the resulting lower construction costs.

The Company traces its origins back to 1890 when the late Jacob Harris began a scrap metal business in London, Ontario. In 1915 after the admission of his two sons to the business, the Company's name was changed to J. Harris & Sons. The business continued uninterrupted until 1953 when J. Harris & Sons, Limited was incorporated and the partnership business was transferred to it. Mr. Sam Harris, one of the sons of the founder of the Company, is Chairman of the Board. Mr. Milton E. Harris, the Company's President, entered the business in 1949 after receiving his degree in Commerce and Finance from the University of Toronto and since 1954 the Company has been under his stewardship.

In 1954 the Company began to actively engage in the fabrication and supply of concrete reinforcing steel to the construction industry. Today reinforcing steel and concrete construction products comprise 98% of the Company's sales.

In addition, the Company has acquired Laurel Steel Products Limited which acquisition was completed in October of 1967. Laurel Steel Products Limited is engaged primarily in the manufacture of wire and products made of wire for use in the construction industry. This Company's centre of operations is located in a leased modern office, plant and warehouse complex of about 23,400 square feet, adjacent to the Company's leased major fabrication plant — Stoney Creek, Ontario, situated on two and one-half acres of land.

The Company and its subsidiaries collectively employ approximately four hundred employees.

In September of 1968, the Company acquired V.S.L. Canada Ltd. This Company holds the Canadian licence for a system of pre-stressing and post-tensioning concrete, this system being one of the three best known in the world.

In the fall of 1968, the Company diversified by incorporating J. Harris & Sons Developments (Middlesex) Limited. This new Company will engage in real property and land development operations.

The Company is directed by young and experienced executives. At the age of 41 Milton E. Harris is the chief executive officer. The Vice-President of Operations is James Wilson, 38, of Toronto. Mr. Wilson received his early training with a Canadian bank and has been with the Company for 13 years, starting as the Hamilton Plant Manager. Mark Waldman, 35, Vice-President Finance has been with the Company since July of 1967. He was formerly employed in executive and managerial positions with one of Canada's major corporations. William Bonder, 46, is the Toronto Sales Manager and has been with the Company since its entry into the reinforcing steel business in 1954. Glenn Riddell, 36, who is the Hamilton Production Manager, received his early training in the reinforcing steel department of a major steel company in Canada and has been with the Company for six years. Ernest Neiser of Port Credit, 31, the Company's Field Manager has also served as Toronto Area Field Superintendent, and Port Arthur Division Manager, and has been with the Company for nine years. Thomas Milne, 46, the Manager of the Port Arthur Division, has been engaged in the reinforcing steel business for 20 years and has been with the Company since that division was opened nine years ago. Brian Elder, 30, has been with the Company for seven years and has served as a detail draftsman, detailing manager, estimator, and is currently Manager of the branch in Halifax-Dartmouth. John Prosser, 34, President of V.S.L. Canada Ltd., has been with the Company since the acquisition of V.S.L. A professional engineer, he held senior positions with major consulting engineering firms since 1962.

#### 4. INCORPORATION

The Company was incorporated under the laws of the Province of Ontario by Letters Patent dated May 20, 1953, with an authorized capital of \$40,000 divided into 300 non-voting preference shares of \$100.00 each, and 10,000 common shares with a par value of \$1.00 each. By Supplementary Letters Patent dated the 22nd day of July, 1955, the authorized capital of the Company was increased to \$150,000.00, by creating an additional 1,000 non-voting preference shares with a par value of \$100.00 each, and by creating an additional 10,000 common shares with a par value of \$1.00 each. By Supplementary Letters Patent dated the 17th day of June, 1964, the authorized capital of the Company was re-divided into 847 non-voting preference shares with a par value of \$100.00 each, and 100,000 common shares with a par value of \$.20 each, 453 preference shares having been issued and subsequently redeemed prior to the 17th day of June, 1964. By Supplementary Letters Patent dated the 27th day of April, 1967, the authorized capital was reclassified, subdivided and changed into 1,000,000 common shares without par value, all of the issued preference shares of the Company having been redeemed prior to the 27th day of April, 1967. By Supplementary Letters Patent dated the 31st day of January, 1969, the authorized capital of the Company was subdivided into 2,000,000 common shares without par value.

#### 5. SHARES ISSUED DURING PAST TEN YEARS

##### (a) Common shares without par value (1)

Date of Issue	No. of Shares Issued	Amount Realized Per Share	Total Amount Realized	Purpose of Issue
19.9.63	1	\$1.00	\$ 1.00	Qualifying Share to Director
22.1.69	1,500	2.37½	3,562.50	Employees' Stock Option Plan *
29.1.69	800	3.25	2,600.00	Employees' Stock Option Plan *
30.1.69	1,500	2.37½	3,562.50	Employees' Stock Option Plan *
1.4.69	18,000	6.25	112,500.00	Employees' Stock Option Plan *
1.4.69	25,000	6.50	162,500.00	Private Placement to finance real estate diversification

\* Based upon subdivision of shares by Supplementary Letters Patent dated January 31, 1969.



(1) On May 1st, 1957, there were 100 common shares issued and outstanding as fully paid and non-assessable shares with a par value of \$1.00 each. After the issue of one share on September 19, 1963, as hereinbefore set forth, there were 101 issued common shares with a par value of \$1.00 each. By Supplementary Letters Patent dated June 17th, 1964, the said 101 common shares were subdivided into 505 common shares with a par value of \$.20 each, and by Supplementary Letters Patent dated the 27th day of April, 1967, the said 505 common shares were further subdivided into 400,000 common shares without par value. By Supplementary Letters Patent dated the 31st day of January, 1969, the said 400,000 common shares without par value were further subdivided into 800,000 common shares without par value.

(b) 5% non-cumulative redeemable non-voting preference shares (2)

Date of Issue	No. of Shares Issued	Amount Realized Per Share	Total Amount Realized	Purpose of Issue
16.5.57	134	\$100.00	\$13,400.00	Investment by Shareholder
17.6.57	8	100.00	800.00	Investment by Shareholder
2.1.59	100	100.00	10,000.00	Investment by Shareholder
18.4.67	277	Nil	Nil	Stock Dividend to holders of common shares subsequently redeemed.

(2) On May 1st, 1957, there were 702 preference shares outstanding as fully paid and non-assessable shares. All of the said 702 preference shares, together with the additional preference shares issued after May 1st, 1957 as hereinbefore set forth, were redeemed prior to the 27th day of April, 1967 at the par value price of \$100.00 per share, so that there were no issued preference shares outstanding on the 27th day of April, 1967. By Supplementary Letters Patent dated the 27th day of April, 1967, the unissued preference shares were reclassified, subdivided and changed into unissued common shares without par value.

6. STOCK PROVISIONS AND VOTING POWERS

Each holder of common shares is entitled to one (1) vote at all meetings of shareholders for each share held, and share pro-rata in any distribution to shareholders upon liquidation of the Company. There are no preemptive rights attaching to the common shares.

7. DIVIDEND RECORD

In 1965 the Company paid a cash dividend of \$60.00 per share on each of its then outstanding 505 common shares and \$5.00 per share on each of its then outstanding 476 preference shares. The aggregate of these dividends, if applied to the issued and outstanding shares of the Company as presently constituted, would be equivalent to approximately 8¢ per share. On April 18th, 1967, the Company issued a stock dividend of 277 preference shares having a par value of \$100.00 each, all of which were redeemed at par by the Company on April 19th, 1967.

The following tabulation sets forth a record of each of the quarter dividends which have been paid since such payments were inaugurated in 1967.

Record Date	Payment Date	Amount Per Share	Aggregate
Sept. 15/67	Oct. 2/67	6¼ ¢ *	\$25,000.00
Dec. 20/67	Jan. 5/68	6¼ ¢ *	25,000.00
Mar. 25/68	Apr. 5/68	6¼ ¢ *	25,000.00
June 17/68	July 2/68	6¼ ¢ *	25,000.00
Sept. 20/68	Oct. 1/68	6¼ ¢ *	25,000.00
Dec. 23/68	Jan. 8/69	6¼ ¢ *	25,000.00

\* Prior to subdivision of share on a two for one basis on January 31, 1969.

8. RECORD OF PROPERTIES

The main administrative offices of the Company comprising approximately 2,500 square feet are located in leased premises in a new office building in the west-end of London, Ontario. This lease expires in 1971.

The drafting offices which had been located in London, have now been relocated in the modern leased premises of Laurel Steel Products Limited in Stoney Creek, Ontario. The building is located on two and one-half acres of land and has 23,400 square feet. The drafting office occupies 3,400 square feet and the balance is occupied by the Company and Laurel Steel Products Limited. The Company also leases land and buildings in Agincourt, Windsor and Port Arthur, Ontario, and in Halifax, Nova Scotia.

The main fabrication plant has approximately 40,000 square feet of floor space and is located near the steel centre of Hamilton. This plant was constructed by the Company in June of 1965 on six acres of industrial property owned by it. The Company also leases two contiguous acres of land. The Company's property is subject to a first mortgage in the amount of approximately \$245,000. Because this plant is at the basing point for steel in Hamilton, it is fully competitive in the Southern Ontario market from Windsor to Ottawa and north to Sudbury. In the opinion of management, this plant has the most modern and efficient automated equipment in the industry. This equipment straightens, cuts, bends and spirals steel reinforcing bars to specification. In addition, it contains two high speed twin hoist overhead cranes with an automatic unloader to expedite the handling of up to 300 tons of steel per day. Also housed in these premises is the necessary equipment to fabricate, recondition and handle joist forming pans.

The Company also operates several branches in smaller market areas. These production facilities, while without the high production equipment of the Hamilton plant, have sufficient capacity to service their respective market areas efficiently. The plant in London is situated on one acre of land owned by the Company. The plant



in Windsor is situated on one and one-half acres of leased land. These plants are primarily back-up plants for Hamilton and are used to service jobs in their own areas.

The Northern Ontario market area is serviced by branch premises in Port Arthur, Ontario, located on one and one-half acres of leased land.

The Halifax-Dartmouth area of Nova Scotia is serviced by a plant in Dartmouth, located on one and one-half acres of leased land. This branch supplies a complete estimating, detailing, fabricating and erecting service for the rapidly growing market in the Atlantic Provinces.

## 9. SUBSIDIARY COMPANIES

Laurel Steel Products Limited was incorporated under the laws of the Province of Ontario by Letters Patent dated October 27th, 1967, with an authorized capital divided into 10,000 Class A voting, non-cumulative, non-participating preference shares with a par value of \$1.00 each, 8,000 Class B 6% non-voting, non-cumulative non-participating preference shares with a par value of \$10.00 each, and 10,000 common shares without par value, of which only three common shares have been issued for \$3.00, and all of which are held by J. Harris & Sons, Limited. Laurel Steel Products Limited markets its products both through the Company's marketing facilities and independent sales agents.

V.S.L. Canada Limited was incorporated pursuant to the laws of the Dominion of Canada on October 1, 1965, with an authorized capital of \$50,000, divided into 3,500 6% non-cumulative preference shares with a par value of \$10.00 each, none of which have been issued and 1,500 common shares with a par value of \$10.00 each, all of which have been issued at par and are held by J. Harris & Sons, Limited. V.S.L. Canada Limited concentrates its major operations in the field of contract bidding. V.S.L. Canada Limited supplies design facilities and erection service to general contractors.

J. Harris & Sons Development (Middlesex) Limited was incorporated under the laws of the Province of Ontario by Letters Patent dated the 19th day of November, 1968, with an authorized capital of \$40,000, divided into 3,600 non-voting, non-cumulative redeemable 6% preference shares with a par value of \$10.00 each, and 4,000 common shares without par value, which shares are not to be issued for a total consideration exceeding \$4,000, of which three common shares have been issued for \$3.00, all of which are held by J. Harris & Sons, Limited. J. Harris & Sons Developments (Middlesex) Limited will engage in the development and construction of real estate properties.

## 10. FUNDED DEBT

Description	Amount Authorized	Amount Outstanding as at February 24, 1969	Maturity Date
8% mortgage on real estate at Hamilton, collaterally secured by a chattel mortgage on machinery and equipment in Hamilton plant in favour of United Dominions Investment Limited	\$330,000	\$244,806.82	September 1, 1975

The aggregate amount of principal payments required in each of the next five years is as follows:

1969	\$29,186
1970	31,547
1971	34,143
1972	36,929
1973	39,942

## 11. OPTIONS, UNDERWRITINGS, ETC.

(a) The Company has granted to employees options to purchase 68,800 common shares in the capital stock of the Company, 47,000 at \$2.37½ per share, expiring June 10, 1972, 8,000 at \$3.25 per share, expiring September 16, 1973 and 10,000 at \$3.25 per share expiring November 1, 1973.

(b) There are no underwriting agreements outstanding with respect to any unissued shares or any issued shares held for the benefit of the Company.

## 12. LISTING ON OTHER STOCK EXCHANGES

There are no securities of the Company listed on any other Stock Exchange. The Company had made application for listing on The Toronto Stock Exchange and by letter dated May 19th, 1967, the Company was advised that the Stock Listing Committee deferred the application until financial statements for the fiscal year ended June 30, 1968 were available.

## 13. STATUS UNDER SECURITIES ACTS

The Ontario Securities Commission issued its final receipt on May 26, 1967 with respect to a secondary offering by Milton E. Harris of 100,000 common shares in the capital of the Company at the price of \$5.25 per share.

## 14. FISCAL YEAR

The fiscal year of the Company ends on the Saturday closest to the 15th of December in each year.

## 15. ANNUAL MEETINGS

The By-laws of the Company provide that the Annual Meeting of the Company shall be held at the head



office of the Company or at such other place in Ontario on such date in each year as the Board of Directors may determine from time to time. The last annual meeting of the Company was held on the 5th day of December, 1968.

# 16. HEAD AND OTHER OFFICES

The Head Office of the Company is located at 747 Hyde Park Sideroad, London, Ontario, Canada. The Company has other offices at 683 Bathurst Street, London, Ontario; 3016 Walker Street, Windsor, Ontario; Maureen Street, Port Arthur, Ontario; Midland Avenue, Agincourt, Ontario; Arvin Avenue, Stoney Creek, Ontario, and 450 Pleasant Street, Dartmouth, Nova Scotia.

# 17. TRANSFER AGENT

The Transfer Agent of the Company is:  
Guaranty Trust Company of Canada  
366 Bay Street, Toronto, Ontario.

# 18. TRANSFER FEE

No fee is charged on stock transfers other than the customary Government stock transfer taxes.

# 19. REGISTRAR

The Registrar of the Company is:  
Guaranty Trust Company of Canada  
366 Bay Street, Toronto, Ontario.

# 20. AUDITORS

The auditors of the Company are:  
Messrs. Perlmutter, Orenstein, Giddens, Newman and Co.,  
186 King Street, London, Ontario.  
Chartered Accountants.

# 21. OFFICERS

<u>Name</u>	<u>Occupation</u>	<u>Office</u>	<u>Home Address</u>
Sam Harris	Industrialist	Chairman of the Board	1253 Richmond Street London, Ontario
Milton E. Harris	Industrialist	President	112 Sherwood Avenue London, Ontario
Edward Richmond, Q.C.	Barrister	Secretary and Treasurer	11 Harrison Crescent London, Ontario
Mark S. Waldman, C.A.	Executive	Vice-President—Finance	1359 Rideau Gate London, Ontario
James Wilson	Executive	Vice-President—Operations	23 King Georges Road Toronto 18, Ontario

# 22. DIRECTORS

<u>Name</u>	<u>Home Address</u>	<u>Occupation</u>
Sam Harris	1253 Richmond Street, London, Ontario	Industrialist
Milton E. Harris	112 Sherwod Avenue, London, Ontario	Industrialist
Edward Richmond, Q.C.	11 Harrison Crescent, London, Ontario	Barrister
Nathan L. Sandler	1 Manitou Boulevard, Toronto, Ontario	Investment Dealer
Monte C. Beder	109 Glenayr Road, Toronto, Ontario	Investment Dealer
Mark S. Waldman, C.A.	1359 Rideau Gate, London, Ontario	Executive
James Wilson	23 King Georges Road, Toronto 18, Ontario	Executive

Messrs. Sam Harris and Milton E. Harris have been associated with the Company in executive capacities for more than five years.

Mr. Edward Richmond, Q.C. has for more than five years been a senior partner in the law firm of Richmond, Richmond & Stambler in London, Ontario.

Messrs. Nathan L. Sandler and Monte C. Beder have for more than the past five years been engaged in the securities business and have been senior members of N. L. Sandler & Co. Limited, Investment Dealers, since its organization.

Mr. Mark Waldman has been Vice-President of Finance of the Company since 1967, and prior thereto was Vice-President of Administration of the Parkdale Wines Limited from 1965 and during all of 1964, and prior thereto he was employed in the Financial Department of John Labatt Limited.

Mr. James Wilson has been associated with the Company in executive capacities for more than five years, and in 1967 was appointed Vice-President of Operations.

# CERTIFICATE

Pursuant to a resolution duly passed by its Board of Directors, J. Harris & Sons, Limited hereby applies for listing of the above-mentioned securities on The Toronto Stock Exchange and the undersigned Officers thereof hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

J. HARRIS & SONS, LIMITED

Per: "MILTON E. HARRIS",

President

Per: "E. RICHMOND",

Secretary



## DISTRIBUTION OF COMMON STOCK AS OF APRIL 18th, 1969

Number		Shares
12	Holders of 1 — 24 share lots .....	126
73	" " 25 — 99 " " .....	3,400
171	" " 100 — 199 " " .....	17,620
213	" " 200 — 299 " " .....	42,875
24	" " 300 — 399 " " .....	7,240
76	" " 400 — 499 " " .....	30,500
58	" " 500 — 999 " " .....	37,520
65	" " 1000 — up " " .....	734,519
<u>692</u>	Shareholders	<u>873,800</u>
	Total shares	



# FINANCIAL STATEMENTS

## J. HARRIS & SONS, LIMITED

### CONSOLIDATED BALANCE SHEET

AS AT DECEMBER 14, 1968 WITH JUNE 15, 1968 COMPARISONS

#### ASSETS

	December 14, 1968	June 15, 1968
<b>CURRENT ASSETS</b>		
Accounts receivable (after allowance for doubtful accounts of \$64,942; June 15, \$58,215) ....	\$ 3,197,753	\$ 2,726,558
Inventories—at lower of cost or net realizable value (Note 2) ....	909,316	610,782
Sundry and prepaid expenses ....	51,036	31,560
Due from directors ....	13,178	27,099
Special refundable tax ....	14,563	17,433
	<u>\$ 4,185,846</u>	<u>\$ 3,413,432</u>
INVESTMENT—in private company—at cost ....	28,500	28,500
FIXED ASSETS—at cost less accumulated depreciation (Note 3) ....	1,190,438	1,110,872
DEFERRED DEVELOPMENT AND ESTABLISHMENT COSTS (Note 4) ....	34,902	15,446
GOODWILL—at cost ....	50,000	50,000
	<u>\$ 5,489,686</u>	<u>\$ 4,618,250</u>
Total assets ....		

#### LIABILITIES

<b>CURRENT LIABILITIES</b>		
Bank indebtedness (Note 5) ....	\$ 1,085,055	\$ 1,077,349
Accounts payable and accrued liabilities ....	1,820,881	1,294,164
Taxes payable ....	336,340	199,864
Loan payable ....	84,114	84,114
Current portion of long-term debt ....	49,637	28,063
Dividend payable ....	25,000	25,000
Due to director ....	7,239	—
	<u>\$ 3,408,266</u>	<u>\$ 2,708,554</u>
<b>LONG-TERM DEBT (Note 6)</b>		
Mortgage payable ....	\$ 249,513	\$ 263,270
Notes payable ....	40,902	—
	<u>\$ 290,415</u>	<u>\$ 263,270</u>
Less—Amount included in current liabilities ....	49,637	28,063
	<u>\$ 240,778</u>	<u>\$ 235,207</u>
DEFERRED INCOME TAXES (Note 7) ....	\$ 650,344	\$ 572,644
Total liabilities ....	<u>\$ 4,299,388</u>	<u>\$ 3,516,405</u>

#### SHAREHOLDER'S EQUITY

CAPITAL STOCK (Note 8) ....	\$ 101	\$ 101
RETAINED EARNINGS ....	1,190,197	1,101,744
	<u>\$ 1,190,298</u>	<u>\$ 1,101,845</u>
	<u>\$ 5,489,686</u>	<u>\$ 4,618,250</u>

Approved on behalf of the Board:

Director

Director

The accompanying notes to financial statements form an integral part of this balance sheet and should be read in conjunction therewith.

**J. HARRIS & SONS, LIMITED**  
**CONSOLIDATED STATEMENT OF RETAINED EARNINGS**  
**FOR THE SIX MONTHS ENDED DECEMBER 14, 1968**  
**WITH COMPARISONS FOR THE YEAR ENDED JUNE 15, 1968**

	6 Months Ended December 14, 1968	12 Months Ended June 15, 1968
BALANCE—at beginning of period	\$ 1,101,744	\$ 1,106,256
<i>Add</i> —Net earnings	136,155	86,103
—Prior years' depreciation adjustment	—	9,385
—Excess of book value of subsidiary company over cost of shares	9,548	—
	<u>\$ 1,247,447</u>	<u>\$ 1,201,744</u>
<i>Less</i> —Dividends declared	50,000	100,000
—Prior year tax adjustment	7,250	—
BALANCE—at end of period	<u><u>\$ 1,190,197</u></u>	<u><u>\$ 1,101,744</u></u>

**CONSOLIDATED STATEMENT OF EARNINGS**  
**FOR THE SIX MONTHS ENDED DECEMBER 14, 1968**  
**WITH COMPARISONS FOR THE YEAR ENDED JUNE 15, 1968**

	6 Months Ended December 14, 1968	12 Months Ended June 15, 1968
GROSS REVENUE	\$ 6,080,032	\$ 8,437,453
Gain on receivables purchased at a discount	—	28,345
	<u>\$ 6,080,032</u>	<u>\$ 8,465,798</u>
EXPENSES		
Manufacturing, administrative and selling	\$ 5,592,933	\$ 7,955,079
Interest—long-term debt	10,026	21,748
—other	37,950	56,164
Depreciation (Note 9)	90,329	172,952
Remuneration to directors and senior employees	66,594	124,868
	<u>\$ 5,797,832</u>	<u>\$ 8,330,811</u>
Earnings before taxes on income	\$ 282,200	\$ 134,987
Taxes on income	146,045	48,884
NET EARNINGS	<u><u>\$ 136,155</u></u>	<u><u>\$ 86,103</u></u>

The accompanying notes to financial statements form an integral part of this balance sheet and should be read in conjunction therewith.

**AUDITORS' REPORT TO THE SHAREHOLDERS**

We have examined the consolidated balance sheet of J. Harris & Sons, Limited as at December 14, 1968 and the consolidated statements of earnings, retained earnings and source and application of funds for the period ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the above consolidated balance sheet and related consolidated statements of earnings, retained earnings and source and application of funds present fairly the financial position of the Company as at December 14, 1968 and the results of its operations for the period ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

London, Ontario,  
February 25th, 1969.

PERLMUTTER, ORENSTEN, GIDDENS, NEWMAN & CO.  
Chartered Accountants.



# J. HARRIS & SONS, LIMITED

## CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE SIX MONTHS ENDED DECEMBER 14, 1968

WITH COMPARISONS FOR THE YEAR ENDED JUNE 15, 1968

	6 Months Ended December 14, 1968	12 Months Ended June 15, 1968
<b>SOURCE OF FUNDS</b>		
Operations		
Net earnings for the period	\$ 136,155	\$ 86,103
Add—Charges not requiring an outlay of funds		
—Depreciation	90,329	172,952
—Deferred income taxes	77,700	( 90,745)
—Loss on disposal of fixed assets	7,095	—
	<u>\$ 311,279</u>	<u>\$ 168,310</u>
Excess of book value of subsidiary Company over cost of shares	9,548	—
Note payable on subsidiary acquisition	40,902	—
	<u>\$ 361,729</u>	<u>\$ 168,310</u>
<b>APPLICATION OF FUNDS</b>		
Additions to fixed assets (Net)	\$ 176,990	\$ 288,857
Provision for payment on long-term debt	35,331	28,063
Dividend declared	50,000	100,000
Deferred development and establishment costs	19,456	15,446
Prior year tax adjustment	7,250	—
Investment in private company	—	28,500
	<u>\$ 289,027</u>	<u>\$ 460,866</u>
INCREASE (DECREASE) IN WORKING CAPITAL	\$ 72,702	\$ (292,556)
Working capital at beginning of period	704,878	997,434
Working capital at end of period	<u>\$ 777,580</u>	<u>\$ 704,878</u>

The accompanying notes to financial statements form an integral part of this balance sheet and should be read in conjunction therewith.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 14, 1968

### 1. PRINCIPLES OF CONSOLIDATION

The accounts of all the Company's subsidiaries are included in the consolidated financial statements attached.

### 2. INVENTORIES

Raw materials	\$ 640,225	—
Finished goods	229,611	—
Work-in-progress	39,480	\$ 909,316

### 3. FIXED ASSETS

	Cost	Accumulated Depreciated	Net
Real estate and improvements	\$ 297,051	\$ 68,831	\$ 228,220
Machinery and equipment	897,847	363,502	534,345
Forms	432,612	169,536	263,076
Vehicles and cranes	261,199	96,402	164,797
	<u>\$ 1,888,709</u>	<u>\$ 698,271</u>	<u>\$ 1,190,438</u>

### 4. DEFERRED DEVELOPMENT AND ESTABLISHMENT COSTS

The Company policy is to write off the costs over a three year period.



# J. HARRIS & SONS, LIMITED

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT—Continued

### 5. ASSETS PLEDGED

As security for its bank indebtedness the Company has executed a general assignment of book debts and lodged as security the shares held as an investment in a private Company.

### 6. LONG-TERM DEBT

Mortgage payable—secured on real estate, interest at 8%, due September 1, 1975. The aggregate amount of principal payment required in each of the next five years is as follows:

1969	\$29,186
1970	31,547
1971	34,143
1972	36,929
1973	39,942

Note payable—interest at 6%, repayable \$20,451 on August 31, 1969 and 1970.

### 7. DEFERRED INCOME TAXES

Represents income taxes charged to operations on holdbacks included in accounts receivable totalling \$614,979; on excess of capital cost allowance claimed for income tax purposes over depreciation provided in the accounts totalling \$639,025; and on other sundry adjustments required to determine taxable income.

### 8. CAPITAL STOCK

Common—Authorized, 1,000,000 common shares without par value; issued and outstanding, 400,000 shares ..... \$101

By Supplementary Letters Patent dated January 31, 1969 each common share was subdivided into two common shares.

### 9. DEPRECIATION

Depreciation for the period was provided on a straight line basis at the following annual rates applied to cost:

Building .....	10%
Machinery and equipment .....	10%
Forms—Pans .....	12%
—Steel caps .....	20%
—Wooden caps and pallets .....	50%
Mobile vehicles (20% residual provided) .....	33⅓ %
Cranes .....	10%

### 10. STOCK OPTION PLAN

There are 35,000 treasury shares under option to key employees other than the president and chairman of the board; 25,000 @ \$4.75 expiring in 1972, and 10,000 @ \$6.50 expiring in 1973.

### 11. CONTRACTUAL OBLIGATIONS

(a) There are various leases with annual rentals totalling approximately \$41,000, the last lease expiring on August 15, 1973.

(b) Property Acquisitions

On Lots 1 and 2, Plan 1201, City of Brantford, acquired January 3, 1969 for \$54,000 with mortgage back to vendor of \$48,600, with interest at 8½%, repayable \$25,000 June 30, 1969 and \$23,600 December 30, 1969.

On Block D, Plan 916, City of London to close prior to April 30, 1969 for \$108,750 with existing first mortgage thereon of \$58,000, interest at 7%, due November 10, 1970; second mortgage to vendor of \$33,750, interest at 8%, due six months from date of closing.

### 12. CONTINGENT LIABILITY

There exists a contingent liability with respect to additional income taxes totalling approximately \$25,000 covering the years 1965, 1966 and 1967 in the event these years are deemed to be associated by the Minister of National Revenue pursuant to Section 138A (2) of the Income Tax Act.



# **J. HARRIS & SONS, LIMITED**

## COMPARATIVE STATEMENT OF EARNINGS FOR THE FISCAL YEAR ENDED JUNE 30

	1964	1965	1966	For The 50 Weeks Ended June 17, 1967	For The 50 Weeks Ended June 15, 1968
GROSS REVENUE	\$ 4,909,786	\$ 6,746,718	\$ 8,008,147	\$ 8,038,757	\$ 8,465,798
Earnings before the undermoted expenses	\$ 379,492	\$ 463,760	\$ 558,797	\$ 627,207	\$ 386,351
Interest on long-term debt	—	—	23,075	23,696	21,748
Depreciaton (Note 7)	\$ 32,662	\$ 37,312	105,377	145,688	172,952
Other interest charges	16,455	30,646	32,911	22,869	56,164
Extraordinary payment to shareholders	—	3,000	95,000	—	—
Pension payment					
—past service (non-recurring) (Note 8)	—	80,000	1,100	—	—
—current service (Note 8)	—	1,000	1,500	1,502	500
Deferred profit sharing plan	12,800	2,000	3,300	2,850	—
Taxes on income	154,860	152,630	146,979	213,761	48,884
	\$ 216,777	\$ 306,588	\$ 409,242	\$ 410,366	\$ 300,248
NET EARNINGS	\$ 162,715	\$ 157,172	\$ 149,555	\$ 216,841	\$ 86,103

In our opinion the above comparative statement of earnings presents fairly the results of the Company's operations for the years indicated and are in agreement with the annual audited financial statements of the Company.

London, Ontario,  
March 12th, 1969.

PERLMUTTER, ORENSTEIN, GIDDENS, NEWMAN & CO.,  
Chartered Accountants.



